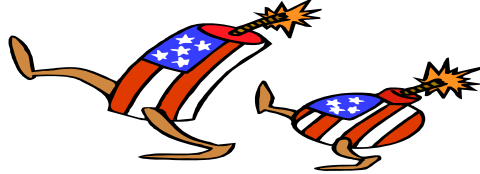


PROPERTY WRITES

PROPERTY TAX DIVISION NEWS LETTER

JULY 2005



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Property Tax Division
Utah State Tax Commission

***<http://www.tax.utah.gov/property>**
210 North 1950 West
Salt Lake City, UT 84134
(801) 297-3600

WHILE THE DIRECTOR IS ON VACATION

- Lee Stephens, Deputy Director

With the beginning of a new fiscal year on July first it is time to quickly review the role of our Division. The success of the Division comes from groups as well as individuals reaching their goals for the year. With this review we can analyze if the goals we have set for ourselves will help the Division reach its Mission Statement and Vision Statement.

The Vision Statement: "Our vision is to foster an environment that will facilitate a collective effort in meeting the demands of the dynamic property tax system. We envision a property tax system that achieves the highest standards of fairness, equity, consistency, and accuracy." It is important that each person realize the need to work as a team. For a team to be successful it is essential that each member of the team is pointed the right direction and working for goals that will support the team in reaching the vision statement.

One of the keys to success comes from individuals setting goals to improve their skills and abilities. A chain is no stronger than its weakest link. Set goals for yourself that help to improve your skills. Each skill improved will strengthen your performance and the performance of your team. Do not be afraid to learn from others and be willing to teach others the skills you may have.

The Property Tax Division is nothing without each of you. We appreciate your hard work, your consistency, and your willingness to serve the State of Utah. It is your hard work that makes the difference. Thanks!!!

NEW IN THE OFFICE

- Lee Stephens

Lee was born in Montpelier, Idaho, and moved to the Clearfield area in Utah at the age of four. He graduated from Clearfield High and continued his education at BYU where he graduated in 1983. Lee went on to get his masters in Public Administration at the University of Utah. His first job after graduation was working for the State Legislature as a budget analyst where he worked for over twelve years serving the Public Education Appropriations Committee writing fiscal notes and estimating the revenue projections for the next five years. He was then hired by the State Board of Education to fix the funding problems associated with keeping the pay of the teachers at USDB up to par with the 40 school districts. At the end of this project he took over as the Director of Information Technology at USDB. He was hired by the Property Tax Division in May 2005 to fill the position of Deputy Director.

Lee is married to the love of his life, Valerie, from Minnesota. Valerie has had the distinction of winning the Deseret News Marathon three times. They have two daughters, the youngest will be a sophomore at Viewmont High School, and the oldest just graduated from Snow College and will be getting married in August.

Lee looks forward to working with the Property Tax Division and the County officials. He feels that success comes from teamwork and has an open door policy. Lee's phone number is (801) 297-3628 and he is looking forward to the challenges of learning the property tax system.

CENTRAL ASSESSED

UTILITIES

- Art Brownell

The Utilities section has experienced significant personnel changes over the past few months. Former section manager Charles Peterson accepted a position with the Department of Utilities. Long-time senior analyst Sheldon Draper has been named as the new manager. Sheldon has been with the state for about 37 years, all of that time with Property Tax. His extensive knowledge of appraisal issues will serve the state well in his new position. Art Brownell has been named as the new senior analyst for the section. Art has been with the Property Tax Division for nearly 9 years, mostly in the Utilities Section. Prior to coming to the state Art had worked in banking for 20 years.

Although the section was short handed, the assessment season was completed, with all assessments sent to the taxpayers on time. Many of the industries we deal with continue to show signs of struggling, particularly the airlines industry. The following table compares the Utah assessed value by industry.

Industry	2004 Utah Assessed Value	2005 Utah Assessed Value	% Change
Airline	974,676,520	855,862,960	-12.2%
Ground Access	2,654,125	2,700,190	1.7%
Pipeline	1,314,144,390	1,281,003,660	-2.5%
Power	4,195,027,384	4,205,799,236	3.0%
Railroad	344,804,110	342,667,950	-0.6%
Telephone	2,153,338,270	2,062,265,258	-4.2%
Totals	8,984,644,799	8,750,299,254	-2.6%

The number of appeals filed by taxpayers remained fairly stable from 2004 to 2005. We received 40 appeals for 2005, 32 from taxpayers involving valuation question and 4 appealing the penalty. There were also 4 appeals from the counties. The following table describes the appeals by property type and amount.

Industry	2005 Assessed Value	2005 Appeal Purported Value	Value In Jeopardy	% of Appealed Assessment In Jeopardy	Count
Airline	552,801,680	376,848,666	175,953,014	31.8%	15
Pipeline	179,355,960	137,069,700	42,286,260	23.6%	2
Power	2,454,326,930	2,300,000,000	154,326,930	6.3%	1
Telephone	1,427,193,278	1,001,673,596	425,519,682	29.8%	14
Total	4,613,677,848	3,815,591,962	798,085,886	17.3%	32

We have been advised that appeals involving Utah assessed values of approximately \$2.45 billion in value and \$154 million of value in jeopardy will be withdrawn, leaving contested assessments totaling \$2,159,350,918 and total amount in jeopardy of \$643,758,956.

These numbers generally compare favorably to last year. While we only had 27 taxpayer appeals last year, we had total value in jeopardy of \$806,135,550. The following table shows 2004's appeal information.

Industry	2004 Assessed Value	2004 Appeal Purported Value	Value In Jeopardy	% of Appealed Assessment In Jeopardy	Count
Airline	552,801,680	376,848,666	175,953,014	31.8%	18
Pipeline	179,355,960	137,069,700	42,286,260	23.6%	2
Power			-	0.0%	1
Telephone	1,427,193,278	1,001,673,596	425,519,682	29.8%	14
Total	2,159,350,918	1,515,591,962	643,758,956	29.8%	35

NATURAL RESOURCES

- Paul Bredthauer

Oil and Gas companies continue to drill new wells in the state with most of the activity being in the Uintah Basin. The majority of the wells are gas wells. Currently there have been 1,500 permits issued for new wells. The Oil & Gas Section has prepared a presentation explaining how values on oil wells are derived. Glen Stevens and Roger Barth are available to make this presentation in your county. Glen Stevens may be contacted at (801) 297-3611 or Roger Barth may be contacted at (801) 297-3610.

The 2005 assessment was completed on time and forty-six appeals have been filed for this year. Twenty are valuation appeals and 26 penalty appeals. The 2005 assessment being completed the Natural Resource Section will be making site inspections. If you have question on a specific property please contact Paul Bredthauer at (801) 297-3619.

A comparison of the 2004 and the 2005 assessed values by industry follows:

Industry	2004 Utah Assessed Value	2005 Utah Assessed Value	% Change
Coal	398,356,638	388,766,403	-2.41%
Metal	1,170,549,892	1,523,886,181	30.19%
Non-Metal	280,311,055	307,288,545	9.62%
Oil and Gas	2,165,384,635	2,486,294,269	14.82%
Sand and Gravel	198,678,035	194,116,535	-2.30%
Total	4,213,280,255	4,900,351,933	16.31%

Below is a table showing the assessed value of those companies appealing and the values they are requesting for the 2005 and 2004 years. In 2004 there were 82 valuation appeals for Natural Resources and for the 2005 assessment year there are 20. Not only have the number of appeals gone down, but also the percent of the original assessment in jeopardy has decreased from 18% in 2004 to 5.7% in 2005. The assessed value of all Natural Resource Properties has gone up 16.31 % in the same time period.

Industry	2005 Assessed Value	2005 Appeal Purported Value	Value In Jeopardy	% of Appealed Assessment In Jeopardy	Count
Coal	23,562,480	15,003,840	8,558,640	36.3%	1
Metalliferous Mining	240,190	106,300	133,890	55.7%	1
Non-Metalliferous	9,933,837	711,958	9,221,879	92.8%	4
Oil and Gas	332,706,957	331,749,901	957,056	0.3%	8
Sand & Gravel	2,591,009	357,165	2,233,844	86.2%	6
Total	369,034,473	347,929,164	21,105,309	5.7%	20
Industry	2004 Assessed Value	2004 Appeal Purported Value	Value In Jeopardy	% of Appealed Assessment In Jeopardy	Count
Coal	999,844	1,065,023	(65,179)	-6.5%	4
Metalliferous Mining	16,499,097	468,985	16,030,112	97.2%	33
Non-Metalliferous	7,114,726	7,086,176	28,550	0.4%	6
Oil and Gas	798,631,642	668,237,295	130,394,347	16.3%	28
Sand & Gravel	14,396,702	9,741,208	4,655,494	32.3%	11
Total	837,642,011	686,598,687	151,043,324	18.0%	82

Elliot Foote is retiring from the Tax Commission. If you would like to say goodbye to him, he will be having a party at the Tax Commission on the 15th of July starting at 11:30 AM in room 1030.

MOTOR VEHICLE NEWS

-Marv Mackey

Administrative Rule R884-24P-33 is in the final draft stages for the 2006 update. The primary changes for 2006 is converting the recreational vehicle Personal Property Schedules to "Age Based" tables changed by S.B.23. Those schedules going to Age Based include: Class 9, Off-Road Motorcycles; Class 11, Street Motorcycles; Class 17, Boats; Class 18, Travel Trailers and Class 26, Personal Water craft. Class 22 will have an addition for a new category labeled "Small Motor Vehicles" added by S.B. 23. Class 21, Commercial Trailers will include an Age Based Table for small utility trailers and horse trailers along with a Personal Property Schedule for large highway type commercial trailers.

The new legislation, S.B.23, created four new Age Based tables for Boats but did not include Boats 31 feet in length and greater so the rule will continue to have a Large Boat Personal

Property Schedule. I am creating that schedule now. All the other Personal Property Schedules have been updated for 2006.

Herb Jenkins has informed me that there may be another new Personal Property Schedule for 2006 but I have not seen any details on that one yet. Since we still have some time lea-way, I plan to rework Class 21, which turned out huge increases over the 2005 Schedule with the data I was able to assemble. Because of a limited database of trailer sales, that Schedule can show significant changes from year to year. I anticipate "Rule 33" being completed within the next 10 days, ready to pass on to Lynn Solzarczyk, the next step on its journey to approval by the Tax Commission.

If you have any further questions, feel free to contact Marv Mackey (801) 297-3642.

CERTIFIED TAX RATES

- LaMar Sayer

Needless to say those of us working on tax rates are quite excited this year. Because of hard work by the counties, particularly the County Auditors, Treasurers, and Assessors, we have set a new record for the calculation of the State Basic Levy for the schools and the Multi-County Assessing and Collecting Levy. The past couple of years we have been able to set records each year, but this year has been tremendous. Last year we set these two rates and had them to the counties by July 10th. Well, this year we beat that record, in fact in the words of Super Dell, we "smoked" it. We were able with your help to have these rates set and to the counties on June 22nd. That is 18 days sooner. In addition, we have also calculated and validated the certified tax rates for almost all of the counties. We will certainly have them all done before the end of June. Another record.

We will now begin working on the proposed rates for this year and will make every effort to get them done in record time also.

We want to thank the auditors, treasurers, and assessors for their hospitality during our annual visits in April and May. We really enjoyed visiting each of the counties and feel that knowing each of you and your counties better has helped us to provide better service to you.

We talked at the summer workshops about a need to standardize the classification and coding of property. As a result, we will be setting up a committee comprised of Assessors, Auditors, and Treasurers to address these issues. We anticipate the first meeting to be held sometime in August. We will be in contact and will, with your input, pick a time and place for the first meeting.

With input from you we have decided to adjust our 2 day Property Tax Administration course to direct the materials more towards cities, schools, and special districts, and to cut it down to a one day class. We will then take the course around the state to strategic locations so that entities from many counties can attend. The first of these adjusted courses will be

offered on September 1, 2005 and will be held in Panguitch. The cost will be very minimal, in the \$10 to \$15 dollar range and lunch will be provided. Next year we plan to hold this course in the eastern part of the state, one class in Moab, one in Price, and one in Vernal. We hope to have these classes some time in the early spring. We hope that you will encourage your local entities to attend.

Finally, as some of you are aware, Blaine Smith retired in March. La Mar Sayer has taken his position and Jean Shaw has been added to the staff. Jean is quite talented and will be a great addition to our team. She has worked for the Tax Commission for a number of years. Below we have included a short bio of Jean.

- *And New to the Tax Rate Team*



Jean Shaw has been with the Utah State Tax Commission since 1981. Those of you who've been a county assessor for more than 12 years may remember her from her DMV Trainer days. She worked for the Division of Motor Vehicle for six years in the Farmington office prior to becoming a Motor Vehicle Trainer. She was a trainer until 1994 when she became Administrative Assistant to Rod Marrelli, in the Executive Director's office. Once she got that office organized, she moved on to become the "Call Center Consultant" working directly under Barry Conover and consulting with all areas of the Tax Commission. She has taught classes for DMV, UADA and AVAYA, and is thrilled to be moving in that direction again. She loves the State of Utah and its people. She was born and raised in Farmington, graduated from Davis High School, attended BYU (a pre-requisite to working with Lamar) before becoming a Tax Commission employee. She has a great husband, Brett, a typical 16-year-old son, an energetic eight-year-old son and a frilly, feminine, "princess-like" four-year-old daughter.

Jean looks forward to learning the Property Tax angle of the Tax Commission and getting to know the county personnel once again.

EDUCATION

- **Ron Smith**

The course schedule for the remainder of the year –

Course D, Building Analysis/Valuation – July 11-15

Course E, Income Approach to Valuation – August 1-5

Course G, Personal Property Valuation – September 12-16

Course 21, One-day USPAP – September 22 (Price)

Course J, two day USPAP – September 28-29 (St. George)

Assessor School – December 7-9 (Location to be determined, open to suggestions)